

**MINUTES - GENERAL BOARD MEETING  
AUGUST 28, 2014  
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session August 28, 2014 with PRESIDENT BOB EVANS calling the meeting to order at 9 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were PAUL DESCHEEMAEKER, DAVID DOVER, JOE DIRKSON, JASON SWANZ, and MIKE VLASTELIC. CORPORATE COUNSEL KRIS BIRDWELL, GENERAL MANAGER SCOTT SWEENEY, OFFICE MANAGER SALLY HORACEK and FINANCIAL ANALYST JANINE RIFE DIDIER were also present. The Pledge of Allegiance was recited.
2. **PUBLIC COMMENT PERIOD.** The Board noted the regular time for member input relative to any issue of interest or importance to them. No member appeared.
3. **APPROVAL OF AGENDA.** After reviewing the meeting agenda, TERRY FROST moved to approve it. PAUL DESCHEEMAEKER seconded the motion, which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the July 31, 2014 general meeting, PAUL DESCHEEMAEKER moved to approve them. MIKE VLASTELIC seconded the motion, which carried unanimously.
5. **TELECONFERENCE CALL - SOUTHERN MONTANA.** The Board and Management joined a teleconference call with attorneys TRENT GARDNER, BOB BALDWIN and JOHN PAUL. Discussion covered Southern issues, SME property, a term sheet, and a mediation meeting regarding Beartooth, which was attended by DAVID DOVER and JASON SWANZ.
6. **FUTURE POWER PURCHASES AND CONFIDENTIALITY AGREEMENT.** After discussing future power purchases, JOE DIRKSON moved to sign a Confidentiality Agreement between Southern Montana Electric Generation and Transmission Cooperative and Fergus Electric, which pertains to potential suppliers of energy. TERRY FROST seconded the motion which carried unanimously. A copy is attached.
7. **POWDER RIVER ENERGY CORPORATION.** Discussion took place concerning Fergus being represented at PRECorp's monthly board meetings. Because PRECorp is planned to be Fergus Electric's long-term power supply, PRECorp recommended that Fergus appoint delegates to meet with the PRECorp Board each month. TERRY FROST moved to appoint MIKE VLASTELIC as delegate and BOB EVANS as alternate delegate to attend board meetings. JASON SWANZ seconded the motion, which carried unanimously.
8. **RESOLUTION TO OBTAIN A LONG-TERM POWER SUPPLY.** As requested by Powder River Energy Corporation, Fergus Electric wrote a second resolution to obtain a long-term power supply from PRECorp after the obligations to Southern are met. After reviewing the document, DAVID DOVER moved to approve and sign the resolution and PAUL DESCHEEMAEKER seconded the motion, which carried unanimously. A copy is attached.
9. **FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. Included in the items seen were the following: the July operating report prepared and reviewed by OFFICE MANAGER SALLY HORACEK and the analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.
10. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of August 22, 2014 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, 50 new meters have been installed. He also noted that 152 new poles have been added and 160 were retired of which 159 were junked. The August 6 safety meeting included First Aid and CPR training taught by DAVID and MARILYN KALINA.

11. **CFC KEY RATIO TREND ANALYSIS.** ERIC ANDERSON, CFC Regional Vice President reviewed the latest Key Ratio Trend Analysis (KRTA) report. Statistics were presented in comparisons under the following headings: US Total, State Grouping, Consumer Size, Power Supplier and Plant Growth (2005 – 2010). The Board had an opportunity to ask questions regarding Fergus Electric's numbers.
12. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 554-554X for \$52,764.49 and 554-554X(A) for \$17,744.18 ending July 31, 2014, JOE DIRKSON moved their approval. MIKE VLASTELIC seconded the motion, which carried unanimously.
13. **REPORT OF LEGAL COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL, reported, briefly, on the NRECA workshop Legal Fundamentals and the Legal Seminar he attended in Charleston, South Carolina August 12 - 13. Among others, labor unions and net metering were two topics covered.
14. **MANAGER'S REPORT.** MANAGER SWEENEY updated the Board on load factors regarding the Signal Peak Coal Mine and Express Pipeline. The combined load factor for Signal Peak's 100kV and 50kV subs was 46.8 % for July. Express Pipeline had a combined load factor of 29.4%.
15. **MEMBER ADVISORY COMMITTEE.** MANAGER SWEENEY reported that the next advisory committee meeting is set for November 20. Discussion will focus on a management alliance as well as PRECorp. Net metering rates and base charges will also be discussed. TRUSTEE JASON SWANZ will attend the next meeting.
16. **NRECA AND CFC REGION 9 DELEGATES.** After a short discussion, TERRY FROST moved to appoint PAUL DESCHEEMAERKER as voting delegate to the NRECA and CFC Region 9 meeting in Omaha, Nebraska and MIKE VLASTELIC as alternate delegate. JOE DIRKSON seconded the motion, which carried unanimously.
17. **MONTANA ELECTRIC COOPERATIVES' STANDING COMMITTEE APPOINTMENTS.** MANAGER SWEENEY surveyed the Board and the following MECA committee appointments were made: Audit – PAUL DESCHEEMAERKER, Communications – DAVID DOVER, Education and Training – VANGIE McCONNELL, Legislative – JASON SWANZ, Power Supply – Robert Evans, Jr., Resolutions – TERRY FROST, and Safety & Loss Control – MIKE VLASTELIC.
18. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the August 27 estate capital credit retirements of \$16,107.95 prepared by SUSAN HINKLEY. JOE DIRKSON moved to affirm the retirements and PAUL DESCHEEMAERKER seconded the motion, which carried unanimously. A copy is attached.
19. **BASIN STATE BANK/STOCKMAN BANK.** Signature cards and other documents were signed denoting the change in ownership of the Basin State Bank to Stockman Bank.
20. **FUTURE MEETINGS.** Safety, Sept. 23, NRECA Field Rep. Mike Stiff  
FEC Board, Sept. 25, Oct. 30, 9 a.m.  
Southern Board, Sept. 10, Sept. 17, 10 a.m.  
NRECA Course 966.1 – Understanding the New World of Power Supply, Sept. 29  
MECA Annual and Today's Members Program, Great Falls, Sept. 29 – Oct. 2  
NRECA Region 7 & 9, Omaha, Nebraska, Oct. 15 & 16  
Member Advisory Committee, Nov. 20, 7 p.m. (Jason)
21. **NEWS FROM THE DISTRICTS.** Each trustee shared items of interest to the Board.
22. **ADJOURN.** With no further business, the meeting was adjourned by PRESIDENT EVANS at 3 p.m.



*Terry Frost* 9-25-2014